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OGC Has Reviewed

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Proposal for a Program of Sponsored Full-Time Graduate Study for Selected College Graduates in Economics

REFERENCE : Memo for DD/S from AAD/RR dated 5 June 1959, same subject

1. This memorandum contains a recommendation for the Deputy Director (Support). Such recommendation is outlined in paragraph 5, and is made pursuant to the request of the Deputy Director (Support) for the views of this Office concerning plans advanced by the Office of Research and Reports for a program of Agency-sponsored full-time graduate study for college graduates in economics.

2. Although the Office of Research and Reports has presented a thoughtful plan, we believe that there are some other considerations which must be taken into account in reaching a solution to the problem of obtaining qualified economists. These are summarized below.

- a. As the study points out, the number of students in universities is expected to double in the next ten years. Presumably, the number of economics majors will expand on a somewhat proportional basis. We wonder, therefore, if aggressive recruitment practices cannot be counted upon to satisfy the bulk of the Agency's recruitment needs in the future, particularly in combination with an alternate approach suggested in paragraph 5 below.
- b. The study does not indicate whether consideration has been given to the effect upon present employees (who have no opportunity to compete) of a program of sponsored graduate study for persons upon completion of baccalaureate degrees.
- c. Students selected for sponsored study would still be subject to Selective Service requirements. Unless

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otherwise deferred, they would be called upon to discharge their military obligations prior to becoming truly productive employees. Time spent in military service would almost surely be counted as creditable to meet such service requirements as may be stipulated in the proposed employment/training agreement.

- d. It is assumed that the recruitment needs of the Office of Research and Reports would not be fully met by the proposed program. Accordingly, current procedures would parallel the new program, with the result that the Agency would be hiring qualified economists at the same time that graduate training would be underwritten by the Agency for those not now comparably trained. This situation would be regarded inequitable and create resentment and friction.

3. Referenced paper suggests that careful selection should reduce the risks of trainee-employees resigning prior to assuming their regular Agency duty assignments. We doubt the efficacy of such screening by any selection process which does not provide for opportunity to observe the selected candidates at close range over a reasonable period. We concur in the view expressed by the Director of Training that consideration be given to bringing young college graduates into the Agency for a year's service before a decision is made whether sponsored graduate training is warranted.

4. A separate but perhaps equally cogent reason for supporting a plan which provides for training only after the individuals have completed one year of service is the fact that Government policy establishes this standard. The Acting General Counsel (whose memorandum is attached hereto) points out that Section 12(a)(2) of the Government Employees Training Act of 1958 provides that no employee having less than one year of current, continuous civilian service in the Government shall be eligible for such training "unless the head of his department determines . . . that it is in the public interest." Although the Central Intelligence Agency is exempted from Section 12 of the Act by Executive Order 10805, the Acting General Counsel states that

" . . . the basis of the exemption to the Act which was sought by the Office of Training was for security and

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cover requirements of training necessary for the Agency to attain its operational objectives. We, therefore, feel that in order to comply with the spirit in which our exception to the Act was sought and obtained, the hiring of employees to be placed directly in non-governmental training should have at least a security or cover basis with probably an operational objective. There would appear to be serious doubt about the existence of such a basis in connection with the hiring for immediate training of economists as intelligence analysts. Such being the case, we feel that the ultimate decision for the hiring proposed is one for the Director of Central Intelligence."

In this connection I want also to call to your attention the view of the Office of the General Counsel that if an agreement is executed between the Agency and trainee-employees, such agreement should conform to the provisions of the Training Act.

5. It is recommended that the Deputy Director (Support) propose to the Deputy Director (Intelligence) that a program of sponsored graduate study for economists be handled in connection with the Agency's program for external training, so that candidates selected for such training will have served as full-fledged employees for at least one year.

[Redacted]
Acting Director of Personnel

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Attachment:

Memo for D/Pers fr
Acting GC dtd 14 Aug 59

[Redacted]

Distribution:

- O&I - Addressee
- 1 - DTR
- 1 - Gen. Counsel ✓
- 1 - D/Pers
- 1 - C/POD/OP

OP/POD/[Redacted]
rewritten: OD/Pers/[Redacted]:imp (24 Aug 59)

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C O P Y

14 August 1959

MEMORANDUM FOR: Director of Personnel

ATTENTION : Mr.

SUBJECT : Proposal for a Program of Sponsored Full-Time Graduate Study for Selected College Graduates in Economics

1. You have referred subject proposal to this Office for comment. Accompanying it were memoranda containing comments by the Director of Training, Deputy Director (Support), and Chief, Personnel Operations Division. Our comments are made with reference to the "Government Employees Training Act" of July 7, 1958, hereafter referred to as the Act, and Executive Order 10805 of February 18, 1959, whereby the President, under authority contained in the Act, exempted this Agency from certain of its provisions.

2. Although the subject at hand is, of course, principally one for policy decision and administrative in nature, we feel there are several points deserving of discussion by this Office. They are as follows:

(a) Attachment 2 to the basic memorandum by the Acting AD/RS is a proposed agreement whereby the employee selected for training is to continue employment with the Agency for a period of time. This agreement apparently seeks to conform to requirements of section 11 of the Act entitled "Agreements of Employees Receiving Training Through Non-Government Facilities to Continue in Government Service for Certain Periods." The Agency was exempted from section 11 by E.O. 10805. However, we regard this exception as merely permissive and not prohibitive. In other words, it does not forbid us from complying with section 11 if we wish. We consulted informally with the Office of General Counsel of the Civil Service Commission (the Commission is given supervisory responsibility under the Act) and that Office agreed with our position in that respect. They also agreed with our opinion, however, that if we were to have an employee agreement it should conform to the provisions of section 11. Attachment 2 does not quite do this. For example, it provides for

service for a certain number of weeks beginning with the enrollment in training. This might be better worded to conform to section 11, which provides for service for three times the length of the training after its expiration. Attachment 2 provides for repayment of expenses by the employee if he separates voluntarily or is involuntarily separated for cause. Section 11 merely provides for repayment if the employee voluntarily separates. If he is involuntarily separated, there is no obligation to repay. The legislative history confirms this. (See U.S. Cong. & Adm. News, 85th Cong., 2d Session, Vol. 2, page 2928.) In the event subject proposal is approved, this Office would be glad to assist in drawing up an agreement which is more in conformity with section 11.

(b) The Agency was also exempted from section 12 of the Act entitled "Limitations on Training of Employees Through Non-Government Facilities." Section 12(a)(2) provides that no employee having less than one year of current, continuous civilian service in the Government shall be eligible for such training "unless the head of his department determines . . . that it is in the public interest." Our files reveal, however, that the basis of the exemption to the Act which was sought by the Office of Training was for security and cover requirements of training necessary for the Agency to attain its operational objectives. (See memorandum from Director of Training to General Counsel, dated 16 July 1958.) We, therefore, feel that in order to comply with the spirit in which our exception to the Act was sought and obtained, the hiring of employees to be placed directly in non-governmental training should have at least a security or cover basis with probably an operational objective. There would appear to be serious doubt about the existence of such a basis in connection with the hiring for immediate training of economists as intelligence analysts. Such being the case, we feel that the ultimate decision for the hiring proposed is one for the Director of Central Intelligence. It is noted that the Director of Training recommends that consideration be given to a year of indoctrination and on-the-desk experience prior to the proposed graduate training.

(c) Section 13 of the Act provides that nothing in the Act shall be construed to authorize training to obtain a degree to qualify for a position for which the degree is a basic requirement or solely for the purpose of providing an opportunity to obtain one or more academic degrees. Subject memorandum in paragraph 6b states that, while much of the academic credit gained would be applicable to candidacy for advanced degrees, the program would not be designed to achieve such degrees except to the extent degree requirements

coincided with the course of study prescribed by the Agency. However, in 6a it is recommended that the employees be assigned to full-time graduate study for one, two or three years. It is difficult to see how an employee doing full-time graduate study for two or three years could escape without at least one degree and thereby perhaps qualify for a position. The proposal conceivably then in some of its aspects could give the appearance of violating section 13.

3. Subject memorandum and accompanying papers are returned herewith.

/Sgd/

[Redacted Signature]

Acting General Counsel

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Attachment

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MEMORANDUM FOR

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SUBJECT:

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5 JUN 1951

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1. PROBLEM:

The Economic Research Area of the Office of Research and Analysis is encountering increasingly serious difficulties in recruiting qualified professional economists. This is essentially a result of intense competition for such personnel among industry, the universities and government. This memorandum examines the principal aspects of the problem and proposes action aimed at broadening the recruiting base as a means of increasing the inflow of professionals qualified for economic intelligence research.

2. ASSUMPTION:

Among the promising senior students of each year's graduation class at the Baccalaureate level will be a number who are qualified by aptitude and ability to enter successfully on a graduate study program in economics, but who will not do so because of financial considerations and commitments which cannot be met by the stipends attached to the grants and fellowships normally available to graduate students.

3. FACTS BEARING UPON THE PROBLEM:

a. University enrollments will more than double in the United States in the next ten years, creating an increased demand for college teachers of about the same proportions. The universities are responding with sharply increased starting salaries and with more vigorous recruiting policies.

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4. DISCUSSION:

We have exerted extraordinary efforts to supplement our normal recruitment system. We have sent senior officers to the campuses in order to explain our program to faculties and to graduate students recommended as prospective employees. We have sought and obtained a liberalized interpretation of security regulations, permitting us to explain our work and the nature of our research organization more adequately than had previously been possible. We have also initiated a policy of disseminating to selected academicians selected unclassified reports prepared in ORR, with the aim of increasing academic appreciation of the professional quality and importance of our work. We have also, with the concurrence of the Office of Personnel, raised our beginning salary offers to qualified professionals. These steps have proved helpful - but fall short of solving the problem.

5. CONCLUSIONS:

It is necessary to develop a new approach in order to assure an adequate supply of well-trained professionals. With too few trained economists becoming available each year, it is necessary to broaden our recruiting base. In addition to our efforts to attract students who are well along with their graduate programs, this would mean the initiation of recruiting at the college senior (Bachelor's degree) level.

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Such a program we think would be strongly attractive to students who by aptitude and interest are qualified for graduate training in economics but who for financial reasons would otherwise be unable to obtain it.

There is, of course, a danger that a few such trainee-employees would resign at the end of their sponsored training. However, careful selection should help to avoid much of the risk. Furthermore, contract safeguards can be devised to recoup at least those costs borne by the Agency, other than salary, which are attributable to the training assignment. (See Attachment 2, Sample Agreement.)

On the positive side, those who remained with the Agency could be expected to be career-oriented and even to possess more than the usual level of loyalty and commitment. By the same token, such students would have undergone intensive training in a program deliberately designed with the needs of the organization in mind. In the real sense of the word these trainees would be "custom-tailored" for the job and upon arrival could be expected to adjust comparatively quickly, with no need for the sometimes lengthy process of orientation that often occurs with new employees.

6. ACTION RECOMMENDED:

a. It is proposed that a limited number of carefully selected university seniors be recruited, at a salary equivalent to the GS-5 level, and assigned immediately to full time graduate study, at Agency expense, for periods of one, two or three years. The length of the training period would be determined in the light of the needs of the organization, the student's scholastic achievements and the subject area of the discipline in which the student is best suited to specialize. Selection would be based upon a number of factors, including previous scholastic records, personal attributes and motivation, indicated aptitudes, interests, and financial status. The advice of the university faculty would be solicited in selection. Successful candidates would be required to sign a legally binding contract designed to safeguard the interests of the Agency.

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b. While inevitably much of the academic credit thus gained would be applicable to candidacy for advanced degrees, the program would not be designed to achieve such degrees except to the extent degree requirements coincided with the course of study prescribed by the Agency.

c. The cost to the Agency would include salary at the GS-5 level plus expenses directly attributable to the training prescribed. At least initially, a maximum of ten such trainees would be sought. With experience, a revision of this level may be determined.

d. Upon successful completion of the course of study prescribed, a trainee would be assigned to headquarters. His grade at that time would be adjusted to a level consistent with Agency hiring standards for persons of equivalent training and experience. The Agency would, of course, have the option of terminating support at any point in the training program.

[Redacted]
Acting Assistant Director
Research and Reports

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Attachments:

1. Tables
2. Sample Agreement

CONCURRENCES:

[Redacted]
Deputy Director/Intelligence

[Redacted]
Director of Training

I am most sympathetic with the problem and ORR's proposed solution. I still feel, however, that this is quite a gamble with the tax payer's dollar. I suggest that consideration be given to bringing in the young college graduate for a year of indoctrination training and on-the-desk experience, at the end of which both the young man and ORR will have a far better opinion of long term employment probabilities. The proposed graduate training would begin after the probationary year.

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ATTACHMENT 2

AGREEMENT TO CONTINUE
EMPLOYMENT WITH CENTRAL
INTELLIGENCE AGENCY

(Date)

In accepting assignment to training in _____

(course)

at _____

(Name of Facility)

beginning _____ and ending _____ I understand that my assignment by the Central Intelligence Agency to this training is conditioned upon my execution of the agreement set forth below.

In consideration of my being furnished the above described training at Government expense, I agree to continue serving as an employee of the Central Intelligence Agency for a period of at least _____ weeks, which period is to begin the date of my enrollment in the training. I further agree that, if I voluntarily separate from my employment or am involuntarily separated for cause prior to completion of the required period of service, I will pay to the United States Government an amount equal to the additional expenses incurred by the Central Intelligence Agency in connection with my training, or an equitable portion of such expenses as may be determined by the Director, CIA. Additional expenses, as defined in Section 10, Public Law 507, 85th Congress, include (a) travel and per diem in lieu of subsistence, (b) transportation of immediate family, household goods and personal effects, packing, crating, temporary storage, drayage, and unpacking, (c) tuition and matriculation fees, (d) library and laboratory fees, (e) purchase or rental of books, materials and supplies, and (f) other services or facilities directly related to the training.

I understand that if I fail to fulfill this agreement to pay to the United States Government the additional expenses incurred by the Central Intelligence Agency for my training, a sum equal to the amount of such additional expenses of training is recoverable from me or my estate by setoff of accrued salary, pay, compensation, retirement credit or other amounts due me from the Government or by such other method as is provided by law for recovery of amounts due the Government.

It is agreed that this commitment does not obligate the Government to continue to employ me in my present or any other position or to continue to furnish training for any definite period of time.

I further understand that I may be released from the terms of this agreement only with the approval of the Director, Central Intelligence Agency.

(Signature)

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CENTRAL INTELLIGENCE AGENCY
OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	INITIALS	DATE
1	General Counsel 221 East	<i>[Handwritten initials]</i>	
2	<i>1- LNH</i>	<i>[Handwritten initials]</i>	
3	<i>2</i> 		
4			
5			
6			
	ACTION	DIRECT REPLY	PREPARE REPLY
	APPROVAL	DISPATCH	RECOMMENDATION
	COMMENT	FILE	RETURN
	CONCURRENCE	INFORMATION	SIGNATURE

Remarks:

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.

DATE

Acting D/Pers 2611 Curie

100 1959

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